(c) Recognising that the Uruguay Round results on curtailing trade-distorting domestic support and export subsidies would not meet the objective of establishing a fair, market-oriented agriculture trading system, and that the process of reform of trade in agriculture has to be continued, Article 20 of the Agreement on Agriculture provides for initiation of the negotiation of further commitments on support and protection from 1 January, 2000. The Doha Ministerial Declaration of 14 November, 2001 further elaborates that these negotiations shall aim to substantially reduce trade-distorting domestic support and phase out all forms of export subsidies. These negotiations are scheduled to conclude by 1 January, 2005. In order to ensure that the objectives of the Doha mandate for negotiations are fully met, India along with other WTO Members including Argentina, Brazil, China, Egypt, Indonesia, Philippines, South Africa and Zimbabwe, as Member of the G-20 alliance on agriculture have been pressing for substantial reductions in trade-distorting domestic support and time bound elimination of export subsidies by the heavy subsidizing developed countries such as the United States and the European Union.

Contract farming

†365. SHRI MOTILAL VORA: Will the Minister of AGRICULTURE be pleased to state:

(a) whether it is a fact that Government are considering to enact a law for contract farming under pressure from various companies;

(b) whether it is also a fact that Government have not consulted farmers' organization in this regard; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV): (a) No, Sir.

(b) and (c) An Expert Committee having representatives of farmers, set up by the Ministry of Agriculture on strengthening and developing of agricultural marketing in its report in June, 2001 made several recommendations for promotion of an alternative marketing system in private and cooperative sector. The recommendations made by the Expert Committee were examined by an inter-Ministerial Task Force

†Original notice of the question was received in Hindi.

constituted by this Ministry. The Task Force in its report has observed that small farmers in India are generally capital starved and cannot make major investment in land improvement and modern inputs. Contract farming can fill up this gap by providing the farmers with quality inputs, technical guidance and management skills. Although the company deals only with the contract crop, the farmers' overall management skill may improve, thereby helping them to raise the yields of both contract and non-contract crops.

With a view of to safeguard the interests of farmers under Contract Farming, the Task Force has *inter-alia* made the following recommendations:-

(i) The contract farming should be made legal. In case of violation of contract, from either side, farmers as well as the company should be in a position to approach an organization or institution, which can mediate and settle the dispute.

(ii) The contract farming should have a provision for both forward and backward linkages. Unless both input suppiy and market for the produce are assured, small farmers will not be in a position to participate in contract farming.

(iii) There should be a contract farmers association or cooperatives at the plant level which will improve their bargaining power *vis-a-vis* the company and promote equality of partnership for ensuring smooth functioning of any contract farming arrangement.

The recommendations of the Task Force were discussed with the State Governments in the National Conference on Agricultural Marketing Reforms held on 27.9.2002 and later by the Standing Committee of State Ministers on 29.1.2003, wherein this Ministry was requested to formulate a Model Legislation on Agricultural Marketing in order to guide the States in implementing the reforms. Accordingly, a Committee under the Chairmanship of Additional Secretary in the Department of Agriculture and Cooperation has formulated a Model Legislation on Agricultural Marketing *inter-alia* containing Model Specifications of Contract Farming Agreement. The Model Law has been sent to all State Governments/UT Administrations for their consideration as the subject matter falls within the purview of State Governments/UT Administrations.